

SENATE BILL No. 47

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-10-20.

Synopsis: State spending limit. Limits increases in state expenditures to an amount based on the increase in inflation and population. Allows the general assembly to authorize additional spending through adoption of a concurrent resolution. Provides that certain state revenues that exceed the spending limit are to be deposited in the property tax replacement fund.

Effective: Upon passage.

Clark, Adams K

November 20, 2001, read first time and referred to Committee on Finance.

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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 47

A BILL FOR AN ACT to amend the Indiana Code concerning state funds.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-10-20 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
3 PASSAGE]:

4 **Chapter 20. State Fiscal Year Spending Limit**

5 **Sec. 1. (a) This chapter does not apply to the extent that**
6 **payments for pensions, including accrued unfunded liability, and**
7 **final court judgments on which the state is obligated to pay exceed**
8 **the spending limits imposed by this chapter.**

9 **(b) This chapter does not apply to the extent that money**
10 **expended from a reserve fund exceeds the spending limits imposed**
11 **by this chapter if the initial transfer of the money into the reserve**
12 **fund was included in the fiscal year spending of a previous state**
13 **fiscal year.**

14 **Sec. 2. As used in this chapter, "CPI" refers to the United States**
15 **Bureau of Labor Statistics Consumer Price Index for All Urban**
16 **Consumers for the U.S. City Average for All Items, or its successor**
17 **index.**



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1 **Sec. 3.** As used in this chapter, "fiscal year spending" means all
 2 state governmental expenditures and reserve increases in a state
 3 fiscal year, except expenditures from the following:

- 4 (1) Money deposited into the property tax replacement fund
- 5 under section 10 of this chapter.
- 6 (2) Money received as gifts.
- 7 (3) Federal funds.
- 8 (4) Money collected for another government.
- 9 (5) Pension contributions by employees and pension fund
- 10 earnings.
- 11 (6) Money received from damage awards.
- 12 (7) Money received from property sales.
- 13 (8) Money received from settlement awards.
- 14 (9) State dedicated funds.

15 **Sec. 4.** As used in this chapter, "inflation" means, with respect
 16 to any fiscal year, the lesser of:

- 17 (1) the percentage change between:
- 18 (A) the quotient of:
- 19 (i) the sum of the CPI for the twelve (12) months ending
- 20 in April of the calendar year before the adoption of the
- 21 state biennial budget; divided by
- 22 (ii) twelve (12); and
- 23 (B) the quotient of:
- 24 (i) the sum of the CPI for the twelve (12) months ending
- 25 in April of the calendar year before the calendar year
- 26 described in clause (A); divided by
- 27 (ii) twelve (12); or
- 28 (2) six percent (6%).

29 **Sec. 5.** As used in this chapter, "maximum annual percentage
 30 change in fiscal year spending" means the sum of the following:

- 31 (1) Inflation with respect to the fiscal year in question, as
- 32 calculated under section 4 of this chapter.
- 33 (2) The annual percentage rate of change in population.
- 34 (3) One percent (1%).

35 **Sec. 6.** As used in this chapter, "population" means:

- 36 (1) the number of Indiana residents as estimated by the
- 37 United States Bureau of the Census each year; or
- 38 (2) the number of Indiana residents as counted by the United
- 39 States Bureau of the Census in a decennial census;
- 40 whichever is determined later.

41 **Sec. 7.** As used in this chapter, "state fiscal year" means the
 42 twelve (12) month period beginning July 1 in a calendar year.



1 **Sec. 8. Before July 1 of calendar year 2002 and each**
 2 **even-numbered year thereafter, the department of state revenue**
 3 **shall:**

4 **(1) certify to the governor and the legislative council:**

5 **(A) the inflation amount calculated under section 4 of this**
 6 **chapter; and**

7 **(B) the annual percentage rate of change in population;**
 8 **and**

9 **(2) release the information certified under subdivision (1) to**
 10 **the general public.**

11 **Sec. 9. (a) This subsection applies to a state fiscal year beginning**
 12 **July 1 of calendar year 2003 and each odd-numbered year**
 13 **thereafter. The state may not increase fiscal year spending more**
 14 **than the maximum annual percentage change in fiscal year**
 15 **spending applicable to that state fiscal year.**

16 **(b) This subsection applies to a state fiscal year beginning July**
 17 **1 of calendar year 2004 and each even-numbered year thereafter.**
 18 **State fiscal year spending may not exceed the amount determined**
 19 **under the following STEPS:**

20 **STEP ONE: Determine the amount of state fiscal year**
 21 **spending permitted under subsection (a).**

22 **STEP TWO: Multiply the STEP ONE amount by the**
 23 **maximum annual percentage change in fiscal year spending**
 24 **applicable to the previous state fiscal year.**

25 **STEP THREE: Add the amount resulting from STEP TWO**
 26 **to the STEP ONE amount.**

27 **(c) If the general assembly considers it necessary to spend**
 28 **beyond the spending limit imposed by this chapter, the general**
 29 **assembly may do so by adopting a concurrent resolution approved**
 30 **by a majority of both houses of the general assembly. The**
 31 **resolution must state:**

32 **(1) that the general assembly desires to budget and spend**
 33 **more funds than permitted by this chapter; and**

34 **(2) the reasons necessitating the excess spending.**

35 **Upon passage of such a resolution, a cause of action may not be**
 36 **initiated under section 11 of this chapter if the excess spending**
 37 **results from passage of the resolution and the reasons for the**
 38 **excess spending stated in the resolution.**

39 **Sec. 10. If revenue from sources not excluded from fiscal year**
 40 **spending exceeds the spending limit imposed under this chapter for**
 41 **that state fiscal year, the excess must be deposited into the property**
 42 **tax replacement fund.**

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1 **Sec. 11.** This chapter may be enforced in a private individual or
2 **class action suit. Successful plaintiffs are allowed costs and**
3 **reasonable attorney's fees. The state may recover costs and**
4 **reasonable attorney's fees under this chapter only if a suit against**
5 **it is ruled frivolous. Revenue collected illegally, kept illegally, or**
6 **spent illegally for the four (4) state fiscal years preceding the date**
7 **that the suit is filed shall be deposited in the property tax**
8 **replacement fund commencing for each state fiscal year on the date**
9 **the state exceeds the spending limitation imposed for that state**
10 **fiscal year under this chapter.**

11 **SECTION 2.** An emergency is declared for this act.

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